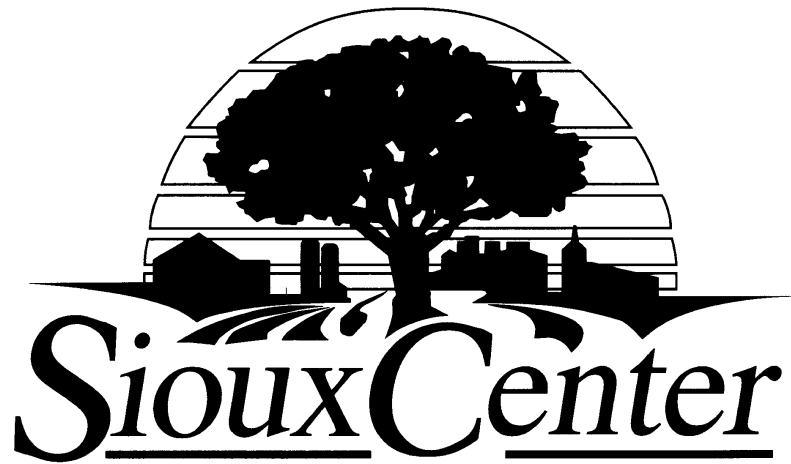


# City of Sioux Center, Iowa



## Annual Financial Report

For the fiscal year ended June 30, 2005

Prepared by:  
Finance Department  
Eldon Westra, City Treasurer

# CITY OF SIOUX CENTER, IOWA

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# CITY OF SIOUX CENTER, IOWA

## Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dennis Walstra	Mayor	Jan 2008
Gene Kruse	Council Member	Jan 2008
Scott Te Stroete	Council Member	Jan 2006
Perry Van Gorp	Council Member	Jan 2008
Randy Vreugdenhil	Council Member	Jan 2006
W. Dale Den Herder	Council Member	Jan 2006
Harold Schiebout	City Manager	Jan 2006
Eldon Westra	Treasurer, Finance Director	Jan 2006
Brian Van Engen	Attorney	Jan 2006

MAYOR  
**Dennis J. Walstra**

CITY COUNCILMEN  
**W. Dale Den Herder**  
**Gene Kruse**  
**Scott Te Stroete**  
**Perry Van Gorp**  
**Randy Vreugdenhil**



CITY/UTILITY MANAGER  
**Harold Schiebout**  
ASSISTANT CITY MANAGER  
**Paul Clousing**  
ASSISTANT UTILITY MANAGER  
**Murray Hulstein**  
FINANCE DIRECTOR  
**Eldon Westra**  
CITY ATTORNEY  
**Brian K. Van Engen**

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MISSION: *To provide excellent quality of life and municipal services for our community through a spirit of progressive cooperation.*

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CITY OF SIOUX CENTER, IOWA 51250  
335 First Avenue N.W.

[www.siouxcenter.org](http://www.siouxcenter.org)

Phone 712-722-0761  
FAX 712-722-0760

November 30, 2005

The Honorable Mayor  
Members of the City Council  
Citizens of the City of Sioux Center, Iowa:

The Comprehensive Annual Financial Report for the City of Sioux Center for fiscal year ended June 30, 2005, has been prepared by the Finance Department and is submitted herewith. We believe the data as presented, is accurate in all material respects and presents fairly the financial position and results of operations of the various funds of the government. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The financial statements and schedules included in this report reflect all the funds of the City in accordance with standards set by the Governmental Accounting Standards Board. The report follows the guidelines of GASB Statement 34. This statement changes governmental financial reporting in order to bring it closer to a private sector model. Because of these changes the report will look much different from those you have reviewed in the past.

The City of Sioux Center's financial statements have been audited by Kroese & Kroese, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Sioux Center for the fiscal year ended June 30, 2005 are free of material misstatements. The independent audit involved examining evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used by management and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Sioux Center's financial statements for the fiscal year ended June 30, 2005, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Sioux Center was part of a broader, federally mandated "Single Audit" designed to meet special needs of federal grantor agencies. The standards governing Single Audit engagements require the

independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Sioux Center's MD&A can be found immediately following the report of the independent auditor.

### **Profile of the Government**

The City of Sioux Center, incorporated in 1891, is located in the northwest corner of Iowa, approximately 45 miles east of Sioux City, Iowa, and 60 miles southeast of Sioux Falls, South Dakota. Sioux Center is surrounded by rich farmland and consequently much of its local business and industrial base is agriculturally oriented

The City provides the full range of municipal services authorized by State Law and City Ordinance. This includes police and fire protection, street system, sanitation system, library, parks and recreation, municipal airport, planning and zoning and code enforcement, and general administrative services necessary to serve the citizens of the community. The City also operates water, wastewater treatment, electric and natural gas utility systems and a downtown mall.

The City operates under a council-manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the mayor and five members. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and setting policy. The City manager is responsible for carrying out the policies of the Council and for overseeing day-to-day operations of the City. The City Council is elected on a non-partisan basis. Council members serve four-year staggered terms with an election every two years. The Mayor is elected for a four-year term.

The annual budget serves as the foundation for the City of Sioux Center's financial planning and control. All departments of the City are required to submit their budget requests to be included in the budgeting process. The city manager and finance director compile these requests and present the proposed budget to the City Council. The City Council considers the proposed budget, makes changes and must adopt a final budget by March 15 of each year. The final adopted budget is the framework under which the City will operate in the next fiscal year. The legal level of budgetary control is at the function level rather than at the fund level. Budget-to-actual comparisons are provided in this report for each function. No disbursements exceeded budgeted amounts for the fiscal year ended June 30, 2005.

## **Economic Condition and Outlook**

Construction activity in the City was robust in 2005. Nineteen building permits were issued for commercial construction, eighty-three permits were issued for residential construction and four permits were issued for tax exempt construction. A total estimated taxable value of \$10,453,793 was added to the tax base compared to \$13,415,988 in the prior year.

Taxable retail sales in the City continued to increase this past year. The increase in taxable sales amounted to \$9,261,415 for a total of \$88,337,578. The City's retail sales account for 35.2% of all taxable sales in the county.

Based on current projections, we expect to see an increase in building construction in the future. Although accelerated growth has a positive impact on the local economy, it does present challenges for the orderly development of the community and keeping up with our infrastructure.

## **Cash Management**

Cash temporarily idle during the year was invested in demand deposits, repurchase agreements and Federal securities. These investments are made to coincide with projected cash flow requirements. Revenue bond sinking fund requirements are also invested in certificates of deposit and are available on principal and interest due dates.

## **Debt Administration**

The City has a number of debt obligations outstanding as of June 30, 2005. These issues include \$7,898,192 of general obligation debt, \$120,000 of special assessment debt and \$5,064,000 of revenue bonds. Under current State statutes, the City's legal debt limit is 5% of estimated actual valuation. As of June 30, 2005, the City's general obligation debt net of funds on hand with fiscal agents of \$7,898,192 was below the legal limit.

## **Retirement Fund Commitments**

The City is mandated by state law to be a member of the Iowa Public Employees Retirement System (IPERS). IPERS is a multiple employer plan covering all qualified state and local governmental employees.

All employees who do not participate in any other public retirement system in the state must participate in IPERS. The State of Iowa administers IPERS and the City's liability is limited to the payment of contributions collected and the City's contribution. Contribution rates currently are 3.70% of annual salary to be paid by the employee and 5.75% of annual covered payroll to be paid by the City for non-police employees. The rate for police department employees is 5.93% of annual salary to be paid by the employee and 8.90% of annual covered payroll to be paid by the City.

The City also offers its employees a deferred compensation plan which is administered by the ICMA Retirement Corporation. The City's liability in this plan is limited

to the payment of employee contributions collected.

The City has made the required employee and employer contributions by the required due dates and has no other retirement programs or unfunded liabilities arising from retirement fund commitments.

### **Acknowledgments**

The preparation of this report on a timely basis could not be accomplished without the dedicated services of the entire finance department. We wish to express our appreciation to all staff members who assisted and contributed to its preparation. We also thank the mayor and members of the City Council for their continued interest and support of the City in a responsible and progressive manner

Sincerely

A handwritten signature in black ink, appearing to read "Harold Schiebout".

Harold Schiebout  
City/Utility Manager

A handwritten signature in black ink, appearing to read "Eldon Westra".

Eldon Westra  
Finance Director



## Management Discussion and Analysis

June 30, 2005

As management of the City of Sioux Center, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Sioux Center for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal.

### Financial Highlights:

The assets of the City of Sioux Center exceeded liabilities at the close of business on June 30, 2005 by \$48,057,836 (net assets). Of this amount, \$15,426,610 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net assets increased by \$2,375,704 during the fiscal year. \$1,078,203 of the total is attributable to governmental activities and \$1,297,501 to business type activities.

The City's long-term debt increased \$620,521 due to the sale of bonds this year. General Obligation debt totaled \$7,898,192 and other long-term debt totaled \$5,064,000.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Sioux Center's basic financial statements. The City of Sioux Center's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Sioux Center's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Sioux Center is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs.

Both of the government-wide financial statements distinguish functions of the City of Sioux Center that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on pages 16-17 of this report.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sioux Center, like other state

and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Sioux Center can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City of Sioux Center adopts an annual appropriated budget. A budget comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 18- 21.

### **Proprietary Funds**

The City of Sioux Center maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the activities of the electric utility, gas utility, water utility, sewer utility and Centre Mall. The internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City of Sioux Center uses an internal service fund to account for its employee health insurance program.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements include a statement of cash flows in addition to the basic financial reports.

The basic proprietary fund financial statements can be found on pages 22-24.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Sioux Center's programs.

The basic fiduciary fund financial statements can be found on page 27.

### **The City as a Whole**

As stated earlier, net assets may serve over time as a useful indicator of the City's financial position. The largest part of the City's net assets reflects its investment in capital assets, less any related debt used to acquire those assets. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must

be provided from other sources, since the capital assets themselves cannot be used to liquidate these long-term liabilities.

For the fiscal year ended June 30, 2005, net assets changed as follows:

	Governmental Activities	Business-type Activities	Total
Beginning Net Assets	\$23,646,582	\$22,103,055	\$45,749,637
Increase in Net Assets	<u>1,078,203</u>	<u>1,297,501</u>	<u>2,375,704</u>
Ending Net Assets	<u>\$24,724,785</u>	<u>\$23,400,556</u>	<u>\$48,125,341</u>

### Governmental Activities

Governmental activities increased the City of Sioux Center's net assets by \$2,375,704. Key elements of this increase are as follows:

	Governmental Activities		Business Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Charges for Services	\$1,337,800	\$1,057,535	\$16,143,710	\$13,976,150	\$17,481,510	\$15,033,685
Operating Grants and Contributions	538,893	577,002			538,893	577,002
Capital Grants and Contributions	158,503	1,893,626			158,503	1,893,626
General Revenues:						
Property Taxes	1,635,139	1,532,831			1,635,139	1,532,831
Tax Increment Financing	1,074,393	1,044,906			1,074,393	1,044,906
Local Option Taxes	428,672	442,959			428,672	442,959
Grants-Unrestricted	20,526	51,505			20,526	51,505
Interest	69,953	50,096	154,527	101,172	224,480	151,268
Miscellaneous	1,067,333	923,680	91,622	122,046	1,158,955	1,045,726
Gain (Loss) on Sale of Fixed Assets			1,496	(145,316)	1,496	(145,316)
Transfers	<u>(312,932)</u>	<u>(20,427)</u>	<u>312,932</u>	<u>20,427</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$6,018,280</u>	<u>\$7,553,713</u>	<u>\$16,704,287</u>	<u>\$14,074,479</u>	<u>\$22,722,567</u>	<u>\$21,628,192</u>
Expenses:						
Public Safety	\$743,556	\$697,459			\$743,556	\$697,459
Public Works	942,212	957,142			942,212	957,142
Culture & Recreation	2,231,734	2,081,506			2,231,734	2,081,506
Community & Economic Development	114,083	173,930			114,083	173,930
General Government	627,660	500,723			627,660	500,723
Interest on Debt	191,846	210,963			191,846	210,963
Capital Projects	88,986				88,986	
Centre Mall			751,409	779,335	751,409	779,335
Water Utility			929,888	862,799	929,888	862,799
Sewer Utility			978,266	1,092,388	978,266	1,092,388
Electric Utility			4,737,622	4,493,596	4,737,622	4,493,596
Gas Utility			8,009,601	6,526,642	8,009,601	6,526,642
Other Nonmajor					0	0

	Governmental Activities		Business Activities		Total	
	2005	2004	2005	2004	2005	2004
Total Expenses	<u>\$4,940,077</u>	<u>\$4,621,723</u>	<u>\$15,406,786</u>	<u>\$13,754,760</u>	<u>\$20,346,863</u>	<u>\$18,376,483</u>
Change in Net Assets	\$1,078,203	\$2,931,990	\$1,297,501	\$319,719	\$2,375,704	\$3,251,709
Net Assets-Beginning	<u>23,646,582</u>	<u>20,714,592</u>	<u>22,103,055</u>	<u>21,783,336</u>	<u>45,749,637</u>	<u>42,497,928</u>
Net Assets-Ending	<u>\$24,724,785</u>	<u>\$23,646,582</u>	<u>\$23,400,556</u>	<u>\$22,103,055</u>	<u>\$48,125,341</u>	<u>\$45,749,637</u>

Property taxes increased by \$102,308 or 6.26%.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Increased expenses in the electric and gas funds are due to the increase in cost of electricity and natural gas. They are mirrored by an increase in revenue through the charges for these services.

### Business-type Activities

Business-type activities increased the City of Sioux Center's net assets by \$1,297,501.

The net revenue (expense) by business activity is shown in the following table:

<u>Business-type activity</u>	Net Revenue 2005	Net Revenue 2004
Electric utility	\$ 399,088	\$ 45,957
Gas Utility	385,264	98,437
Water Utility	83,958	126,828
Sewer Utility	(44,585)	(335,191)
Centre Mall	<u>473,776</u>	<u>384,668</u>
Change in Net Assets	<u>\$1,297,501</u>	<u>\$ 319,719</u>

### Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the City's governmental funds is to provide information on near-term resources. Unreserved fund balance may serve as a useful measure of a government's net resources available at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$4,822,756.

## **Capital Assets**

The City's investment in capital assets for its governmental and business type activities as of June 30, 2005 amounts to \$35,095,644 (net of accumulated depreciation and related debt). Capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and all infrastructure. The total increase in governmental-type capital assets was \$260,780. The increase in capital assets in business-type activities totaled \$719,046. The total increase in capital assets for all activities for the fiscal year was \$979,826.

Note 5 in the Notes to the Financial Statements provides more information regarding the City's capital assets.

## **Debt Administration**

The city of Sioux Center had \$7,898,192 general obligation debt and \$5,064,000 revenue bond debt outstanding as June 30, 2005. This is an increase of \$620,521 from the balance at the end of the previous fiscal year. The increase is due to the sale of bonds this year.

The City's general obligation debt is limited by the State of Iowa to 5% of the actual value of all taxable property in the community. The City's general obligation debt limit is \$12,767,860. The City's net bonded debt (total issues outstanding less funds on hand with fiscal agents) is \$7,898,192 or 62% of the total. More detailed information on debt administration is provided in Note 7 in the Notes to Financial Statements.

## **Economic Factors**

Construction activity in the City continued to increase in 2005. Nineteen permits were issued for commercial construction, eighty-three permits were issued for residential construction and four permits were issued for tax exempt construction. Total estimated taxable value of \$10,453,793 was added to the tax base in 2005 as compared to \$13,415,988 in the prior fiscal year.

Taxable retail sales continued to increase this year. The increase in taxable sales amounted to \$9,261,415 for a total of \$88,337,578. The City's retail sales account for 35.2% of all taxable sales in the county.

## **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at 712-722-0761.

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of City of Sioux Center, Iowa management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above the present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sioux Center, Iowa at June 30, 2005, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 14 to the financial statements, during the year ended June 30, 2004, City of Sioux Center, Iowa adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated October 26, 2005 on our consideration of City of Sioux Center, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those report are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 13 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.



Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Sioux Center, Iowa basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2004 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in pages 43 to 48, is presented for purposed of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sioux Center, Iowa  
October 26, 2005

# CITY OF SIOUX CENTER, IOWA

## Statement of Net Assets

June 30, 2005

<u>Assets</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Cash and Pooled Investments	\$4,572,003	\$6,819,440	\$11,391,443
Receivables (net of allowance for uncollectibles):			
Taxes	911		911
Special Assessments	245,160		245,160
Accounts	221,883	1,520,067	1,741,950
Notes		133,583	133,583
Accrued Interest	14,760	29,402	44,162
Due from Other Funds	126,610		126,610
Due from Other Governments	88,280		88,280
Advances from other Funds	81,465	131,697	213,162
Inventory		706,960	706,960
Prepaid Expenses	118,341	65,938	184,279
Restricted Assets:			
Customer Deposits		29,437	29,437
USDA Reserve			
Deposits with Fiscal Agents			
Nonoperating Properties-Land		1,460,420	1,460,420
Investment in Joint Venture		1,661,356	1,661,356
Deferred Bond Issue Costs	29,498	73,902	103,400
Bond Discounts	17,722	90,001	107,723
Capital Assets (Net of accumulated depreciation)	23,280,264	21,524,584	44,804,848
Total Assets	<u>\$28,796,897</u>	<u>\$34,246,787</u>	<u>\$63,043,684</u>
 <u>Liabilities and Net Assets</u>			
<u>Liabilities</u>			
Accounts Payable	\$307,693	\$962,031	\$1,269,724
Accrued Interest Payable	46,973	61,744	108,717
Other Accrued Expenses	120,000	53,773	173,773
Payable from Restricted Assets- Customer Deposits		29,437	29,437
Due to Other Funds	126,610		126,610
Deferred Revenue:			
Succeeding Year Property Tax	246,071		246,071
Compensated Absences	69,324		69,324
Noncurrent Liabilities:			
Due within one Year		723,892	723,892
Due in more than one Year	3,244,055	8,994,245	12,238,300
Total Liabilities	<u>4,160,726</u>	<u>10,825,122</u>	<u>14,985,848</u>
 <u>Net Assets:</u>			
Investment in Capital Assets, net of Related Debt	20,036,209	11,806,447	31,842,656
Restricted:			
Library Estate	46,985		
Debt Service	17,693	723,892	741,585
Unrestricted	4,535,284	10,891,326	15,426,610
Total Net Assets	<u>24,636,171</u>	<u>23,421,665</u>	<u>48,057,836</u>
Total Liabilities and Net Assets	<u>\$28,796,897</u>	<u>\$34,246,787</u>	<u>\$63,043,684</u>

See notes to financial statements.



# CITY OF SIOUX CENTER, IOWA

Statement of Activities  
Year ended June 30, 2005

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
Public safety	\$743,556	\$37,614			\$(705,942)		\$(705,942)
Public works	942,212	229,180	\$498,740		(214,292)		(214,292)
Culture and recreation	2,231,734	957,686	40,153		(1,233,895)		(1,233,895)
Community and economic development	114,083	56,294			(57,789)		(57,789)
General government	627,660	57,026			(570,634)		(570,634)
Interest on long-term debt	191,846				(191,846)		(191,846)
Capital projects	88,986			\$158,503	69,517		69,517
Total governmental activities	4,940,077	1,337,800	538,893	158,503	(2,904,881)	-	(2,904,881)
Business-type activities:							
Centre Mall	751,409	417,432				\$(333,977)	(333,977)
Water	929,888	1,037,550				107,662	107,662
Sewer	978,266	914,104				(64,162)	(64,162)
Electric	4,737,622	5,227,088				489,466	489,466
Gas	8,009,601	8,547,536				537,935	537,935
Total business-type activities	15,406,786	16,143,710	-	-	-	736,924	736,924
Total primary government	\$20,346,863	\$17,481,510	\$538,893	\$158,503	\$(2,904,881)	\$736,924	\$(2,167,957)
General revenues:							
Property tax levied for:							
General purposes					\$1,073,805		\$1,073,805
Community center					24,103		24,103
Trust and agency					440,648		440,648
Tax increment financing					1,074,393		1,074,393
Debt service					96,583		96,583
Local option sales tax					428,672		428,672
Grants/contributions not restricted to specific programs					20,526		20,526
Unrestricted investment earnings					69,953	\$154,527	224,480
Miscellaneous					1,067,333	91,622	1,158,955
Gain/Loss of sale of capital assets						1,496	1,496
Transfers					(312,932)	312,932	
Total general revenues and transfers					3,983,084	560,577	4,543,661
Change in net assets					1,078,203	1,297,501	2,375,704
Net assets -- beginning					23,646,582	22,103,055	45,749,637
Net assets -- ending					\$24,724,785	\$23,400,556	\$48,125,341

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Balance Sheet Governmental Funds June 30, 2005

	General	Debt Service	Nonmajor Capital Project	Nonmajor Special Revenue	Total Governmental
<b><u>Assets</u></b>					
Cash and Pooled Investments	\$1,629,544	\$ 9,072	\$1,048,320	\$1,440,423	\$ 4,127,359
Receivables:					
Taxes		97		814	911
Special Assessments	212,376				212,376
Accounts	172,237				172,237
Accrued Interest	10,414		3,017	19	13,450
Due from Other Funds	31,132			95,478	126,610
Due from Other Governments	5,117	391		79,347	84,855
Advances from Other Funds	81,465				81,465
Prepaid Expenses	3,492				3,492
Restricted Assets					
Total Assets	<u>2,145,777</u>	<u>9,560</u>	<u>1,051,337</u>	<u>1,616,081</u>	<u>4,822,755</u>
<b><u>Liabilities</u></b>					
Accounts Payable	149,794		17,985	41,581	209,360
Due to Other Government Funds			101,610		101,610
Deferred Revenue:					
Succeeding Year Property Tax	212,376	97		814	213,287
Compensated Absences	67,234				67,234
Total Liabilities	<u>429,404</u>	<u>97</u>	<u>119,595</u>	<u>42,395</u>	<u>591,491</u>
<b><u>Fund Balances:</u></b>					
Fund Balance:					
Advances to Other Funds	81,465				81,465
Prepaid Expenditures	3,492				3,492
Library Estate	46,985				46,985
Debt Service		9,463			9,463
Other Purpose	<u>1,584,431</u>		<u>931,743</u>	<u>1,573,686</u>	<u>4,089,860</u>
Total Fund Balance	<u>1,716,373</u>	<u>9,463</u>	<u>931,743</u>	<u>1,573,686</u>	<u>4,231,265</u>
Total Liabilities and Fund Balance	<u>\$2,145,777</u>	<u>\$9,560</u>	<u>\$1,051,338</u>	<u>\$1,616,081</u>	<u>\$4,822,756</u>

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Reconciliation of the Balance Sheet- Governmental Funds to the Statement of Net Assets June 30, 2005

<b>Total governmental fund balances</b>	\$4,231,265
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***Amounts reported for governmental activities in the  
statement of net assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets (including infrastructure) is \$31,033,316 and the accumulated depreciation is \$7,753,053

23,280,264
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The unamortized portion of prepaid items are not current financial resources and, therefore, are not reported in the funds.

114,849
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The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

253,848
---------

Long-term liabilities, including bonds payable, accrued interest payable and other related accounts, are not due and payable in the current period and therefore are not reported in the governmental funds.

(3,244,055)
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**Net assets of governmental activities**

<u>\$24,636,171</u>
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See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Statement of Revenues and Expenditures

### Governmental Funds

Year ended June 30, 2005

	General	Debt Service	Nonmajor Capital Project	Nonmajor Special Revenue	Total Governmental
<b>Revenues:</b>					
Property Taxes	\$1,084,717	\$96,583		\$440,648	\$1,621,948
TIF Revenue				1,074,393	1,074,393
Other City Taxes	13,191			428,672	441,863
Special Assessments	17,220	7,900	\$ 769		25,889
Licenses and Permits	85,507				85,507
Intergovernmental	58,793		147,223	498,740	704,756
Contributions					
Charges for Services	994,074				994,074
Fines and Forfeits					
Miscellaneous	224,989	45,592	935,576		1,206,157
Use of Money and Property	160,943	389	11,308	3,983	176,623
Total Revenues	2,639,434	150,464	1,094,876	2,446,436	6,331,210
<b>Expenditures:</b>					
Current Operating:					
Public Safety:					
Police	553,080				553,080
Fire	167,404				167,404
Ambulance	4,496				4,496
Animal Control	701				701
Total Public Safety	725,681				725,681
Public Works:					
Street Maintenance	90,563			116,979	207,542
Street Administration	36,654				36,654
Street Lighting	35,745				35,745
Traffic Safety	16,146				16,146
Snow Removal	25,869				25,869
Street Cleaning	31,566				31,566
Airport	51,543				51,543
Solid Waste	180,497				180,497
Total Public Works	468,583			116,979	585,562
Culture and Recreation:					
Museum	16,082				16,082
Parks	115,045				115,045
Sandy Hollow	76,247				76,247
Arts & Crafts	61,976				61,976
Annual Events	16,587				16,587
Recreation	118,153				118,153
Senior Center	148,184				148,184
Library	362,278				362,278
Senior Citizen Transportation	37,655				37,655
All Seasons Center	849,085				849,085
Community Center	4,584				4,584
Athletic Field	106,254				106,254
Total Culture and Recreation	1,912,130				1,912,130
Community and Economic Development:					
Beautification	9,132				9,132
Industrial Development	61,425				61,425
Zoning	31,697				31,697
Affordable Housing	9,450				9,450
Total Community and Economic Development	111,704				111,704
General Government					
Executive Administration	413,687				413,687
Financial Administration	100,968				100,968
City Hall	130,313				130,313
General Government	644,968				644,968
Debt Service		491,428			491,428
Capital Projects			666,257		666,257
Total Expenditures	3,863,066	491,428	666,257	116,979	5,137,730
Excess (Deficiency) of Revenues Over Expenditures	(1,223,632)	(340,964)	428,619	2,329,457	1,193,480
Other Financing Sources (Uses):					
Operating Transfers From Other Funds	2,007,974	342,790	375,668		2,726,432
Operating Transfers To Other Funds	(637,409)		(132,682)	(2,269,273)	(3,039,364)
Total Other Financing Sources (Uses)	1,370,565	342,790	242,986	(2,269,273)	(312,932)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$146,933	\$1,826	\$671,605	\$60,184	\$880,548

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

Reconciliation of the Statement of Revenues, Expenditures, and

Changes in Fund Balances

Governmental Funds to the Statement of Activities

Year ended June 30, 2005

<b>Net change in fund balances-Total governmental funds</b>	<b>\$880,548</b>
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*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlays in the current year as follows:

Expenditures for capital assets	\$816,161	
Depreciation expense	(835,040)	(18,879)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year debt exceeded debt repayments as follows:

Bonds and loans issued	-0-	
Principal payments	329,980	329,980

Interest expenditures in governmental funds include interest that becomes legally payable, but interest expense in the Statement of Activities includes accrued interest payable, premium amortization, and deferred bond issue cost amortization, as follows:

Interest on long-term debt	(30,398)	
Bond issue amortization	(3,266)	
Bond discount amortization	(1,774)	(35,438)

Prepaid expenses in the governmental funds have been recorded as expenditures when paid. However, the statement of activities will report these items as expenditures in the period that the corresponding net asset is exhausted.	(268)
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The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	(61,742)
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<b>Change in net assets of governmental activities</b>	<b><u>\$1,094,201</u></b>
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See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Statement of Net Assets - Proprietary Funds

Year ended June 30, 2005

	Business-type Activities - Enterprise Fund						Governmental Activities- Internal Service Fund
	Electric	Natural Gas	Water	Sewer	Centre Mall	Totals	
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and Pooled Investments	\$3,441,883	\$1,061,801	\$995,067	\$800,750	\$519,939	\$6,819,440	\$316,708
Receivables:							
Accounts	443,439	910,638	90,451	75,539		1,520,067	17,195
Notes	133,583					133,583	
Accrued Interest	20,936	1,726	2,003	2,273	2,464	29,402	998
Due from Other Funds							1,650
Due from Other Governments							3,425
Advances to Other Funds	306,155	155,703	27,129	27,991		516,978	
Inventory	488,657	126,031	92,272			706,960	
Prepaid Expenses	13,927	7,341	13,653	17,343	13,674	65,938	
Total Current Assets	<u>4,848,580</u>	<u>2,263,240</u>	<u>1,220,575</u>	<u>923,896</u>	<u>536,077</u>	<u>9,792,368</u>	<u>339,976</u>
<b>Noncurrent Assets</b>							
Nonoperating Properties-Land	1,252,642	207,778				1,460,420	
Investment in Joint Venture	1,661,356					1,661,356	
Deferred Bond Issue Costs			38,154	2,267	33,481	73,902	
Bond Discounts			65,038	2,953	22,010	90,001	
Restricted Cash:							
Customer Deposits	10,521	13,121	5,795			29,437	
Capital Assets (net of depreciation)	<u>4,812,361</u>	<u>1,592,570</u>	<u>6,288,781</u>	<u>3,435,167</u>	<u>5,395,705</u>	<u>21,524,584</u>	
Total Noncurrent Assets	<u>7,736,880</u>	<u>1,813,469</u>	<u>6,397,768</u>	<u>3,440,387</u>	<u>5,451,196</u>	<u>24,839,700</u>	
Total Assets	<u>12,585,460</u>	<u>4,076,709</u>	<u>7,618,343</u>	<u>4,364,283</u>	<u>5,987,273</u>	<u>34,632,068</u>	<u>339,976</u>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	397,291	490,305	45,141	20,820	8,474	962,031	67,515
Accrued Interest Payable			23,483	7,861	30,400	61,744	
Compensated Absences Payable	15,073	10,713	8,291	13,500	6,196	53,773	2,090
Deposits	10,521	13,121	5,795			29,437	
Due to Other Funds					337,850	337,850	25,000
Bonds, notes, and loans payable			153,052	150,840	420,000	723,892	
Total Current Liabilities	<u>422,885</u>	<u>514,139</u>	<u>235,762</u>	<u>193,021</u>	<u>802,920</u>	<u>2,168,727</u>	<u>94,605</u>
<b>Noncurrent Liabilities</b>							
Advances to Other Funds							260,594
Bonds, notes, and loans payable			3,596,362	1,762,883	3,635,000	8,994,245	
Total Noncurrent Liabilities			<u>3,596,362</u>	<u>1,762,883</u>	<u>3,635,000</u>	<u>8,994,245</u>	<u>260,594</u>
Total Liabilities	<u>422,885</u>	<u>514,139</u>	<u>3,832,124</u>	<u>1,955,904</u>	<u>4,437,920</u>	<u>11,162,972</u>	<u>355,199</u>
<b>NET ASSETS:</b>							
Invested in capital assets, net of related debt	4,812,361	1,592,570	2,539,367	1,521,444	1,340,705	11,806,447	
Restricted for Debt Service			297,964	230,705	593,477	1,122,146	
Unrestricted	7,350,214	1,970,000	948,888	656,230	(384,829)	10,540,503	(15,223)
Total Net Assets	<u>\$12,162,575</u>	<u>\$3,562,570</u>	<u>\$3,786,219</u>	<u>\$2,408,379</u>	<u>\$1,549,353</u>	<u>\$23,469,096</u>	<u>(15,223)</u>

Some amounts reported for business-type activities in the Statement of Net Assets are different because certain Internal Service Fund assets and liabilities are included with business-type activities

(47,431)

Net assets of business-type activities

\$23,421,665

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Fund Year ended June 30, 2005

	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>	<u>Total 2005</u>	<u>Governmental Activities-- Internal Service Funds</u>
<b>Operating Revenues</b>							
Charges for Services	\$5,214,006	\$8,283,217	\$1,026,025	\$912,348	\$355,939	\$15,791,536	\$680,331
Earnings from Joint Venture	29,071					29,071	
Miscellaneous	<u>15,494</u>	<u>263,288</u>	<u>11,524</u>	<u>1,756</u>	<u>61,493</u>	<u>353,555</u>	<u>147,241</u>
Total Operating Revenues	<u>5,258,571</u>	<u>8,546,505</u>	<u>1,037,550</u>	<u>914,104</u>	<u>417,432</u>	<u>16,174,162</u>	<u>827,572</u>
<b>Operating Expenses</b>							
Personal Services	380,362	250,497	244,996	311,797	192,630	1,380,283	
Utilities	13,166	12,787	9,253	75,745	49,186	160,136	
Repairs/Maintenance	125,167	141,569	215,842	110,728	34,908	628,214	
Taxes	13,616	3,630			148,834	166,080	
Other Supplies	13,695	12,298	13,980	10,512	5,151	55,636	
Insurance Expenses	19,005	11,886	18,803	21,172	14,151	85,017	
Depreciation and Amortization	510,003	106,197	217,050	349,864	157,458	1,340,571	
Legal and Professional	2,998	3,028	3,383	3,757	4,683	17,849	
Advertising	20,013	18,356			45,420	83,790	
Miscellaneous	14,211	25,448	4,335	770		44,763	936,744
Resale Purchases	<u>3,611,851</u>	<u>7,413,935</u>				<u>11,025,785</u>	
Total Operating Expenses	<u>4,724,085</u>	<u>7,999,631</u>	<u>727,641</u>	<u>884,346</u>	<u>652,421</u>	<u>14,988,124</u>	<u>936,744</u>
Total Operating Income (Loss)	534,486	546,874	309,909	29,758	(234,988)	1,186,038	(109,172)
<b>Nonoperating Revenues (Expenses)</b>							
Interest and Investment Revenue	80,782	17,201	27,879	19,577	8,921	154,361	
Gain on Sale of Assets	1,496	1,031	166			2,693	
Land Rental	44,611	15,528				60,139	
Interest Expense	(327)	(641)	(194,527)	(85,098)	(90,639)	(371,231)	
Total Nonoperating Revenue (Expenses)	<u>126,563</u>	<u>33,119</u>	<u>(166,481)</u>	<u>(65,521)</u>	<u>(81,718)</u>	<u>(154,038)</u>	
Income (Loss) Before Contributions and transfers	<u>661,048</u>	<u>579,994</u>	<u>143,428</u>	<u>(35,763)</u>	<u>(316,706)</u>	<u>1,032,000</u>	<u>(109,172)</u>
<b>Transfers In</b>					798,832	798,832	
<b>Transfers Out</b>	<u>(248,750)</u>	<u>(185,400)</u>	<u>(51,750)</u>			<u>(485,900)</u>	
Change in Net Assets	412,298	394,594	91,678	(35,763)	482,126	1,344,932	(109,172)
Total Net Assets - Beginning	<u>11,750,277</u>	<u>3,167,976</u>	<u>3,694,541</u>	<u>2,444,142</u>	<u>1,067,227</u>	<u>22,124,163</u>	<u>93,948</u>
Total Net Assets-Ending	<u>\$12,162,575</u>	<u>\$3,562,570</u>	<u>\$3,786,219</u>	<u>\$2,408,379</u>	<u>\$1,549,353</u>	<u>\$23,469,095</u>	<u>\$(15,224)</u>

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities (47,431)

Change in net assets of business-type enterprises \$23,421,664

See notes to financial statements

# CITY OF SIOUX CENTER, IOWA

## Statement of Cash Flows - Proprietary Funds

Year ended June 30, 2005

	<u>Business-Type Activities</u>						<u>Governmental Activities-- Internal Service Funds</u>
	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>	<u>Total</u>	
<b>Cash Flows from Operating Activities</b>							
Received from customers	\$5,192,351	\$8,153,580	\$1,023,412	\$913,394	\$356,196	\$15,638,933	\$717,356
Payments to suppliers for goods & services	(3,876,203)	(7,150,013)	(228,685)	(256,387)	(269,223)	(11,780,511)	(862,119)
Payments to employees for services	(380,481)	(251,026)	(244,228)	(308,578)	(192,181)	(1,376,494)	
Net cash provided (used) by operating activities	<u>935,667</u>	<u>752,541</u>	<u>550,499</u>	<u>348,429</u>	<u>(105,208)</u>	<u>2,481,928</u>	<u>(144,763)</u>
<b>Cash Flows from Noncapital Financing Activities</b>							
Operating subsidies & transfers to other funds	(248,750)	(185,400)	(51,750)		798,832	312,932	
Due from (to) other funds							5,075
Advances from (to) other funds	<u>90,000</u>	<u>60,000</u>			<u>(150,000)</u>		
Net cash provided (used) by operating activities	<u>(158,750)</u>	<u>(125,400)</u>	<u>(51,750)</u>		<u>648,832</u>	<u>312,932</u>	<u>5,075</u>
<b>Cash Flows from Capital &amp; Related Financing Activities</b>							
Acquisition & construction of capital assets	(92,166)	(215,854)	(60,807)	(447,376)	(1,251,489)	(2,067,692)	
Bond Proceeds			3,565,000		1,420,000	4,985,000	
Principal paid on debt			(3,604,509)	(144,989)	(285,000)	(4,034,498)	
Bonds Costs			2,965	764	8,035	11,764	
Investment in joint venture	(29,071)					(29,071)	
Investment in nonoperating properties	<u>(275,285)</u>					<u>(275,285)</u>	
Net cash provided (used) by operating activities	<u>(396,522)</u>	<u>(215,854)</u>	<u>(97,351)</u>	<u>(591,601)</u>	<u>(108,454)</u>	<u>(1,409,782)</u>	
<b>Cash Flows from Investing Activities</b>							
Purchase of investment securities	(4,428,600)	(2,930,063)	(1,855,236)	(2,205,000)	(300,000)	(11,718,899)	
Proceeds from sale of investment securities	4,428,600	2,930,063	1,855,236	2,205,000	300,000	11,718,899	
Interest & dividends on investments	80,763	17,201	23,532	19,578	6,246	147,320	
Other nonoperating revenues (expenses)	<u>45,800</u>	<u>15,918</u>	<u>(190,013)</u>	<u>(85,099)</u>	<u>(87,964)</u>	<u>(301,358)</u>	
Net cash provided (used) by operating activities	<u>126,563</u>	<u>33,119</u>	<u>(166,481)</u>	<u>(65,521)</u>	<u>(81,718)</u>	<u>(154,038)</u>	
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	506,958	444,406	234,917	(308,693)	353,452	1,231,040	(139,688)
<b>Balances - beginning of year</b>	<u>2,557,399</u>	<u>755,944</u>	<u>980,503</u>	<u>995,919</u>	<u>223,118</u>	<u>5,512,883</u>	<u>367,435</u>
<b>Balances - end of year</b>	<u>\$3,064,357</u>	<u>\$1,200,350</u>	<u>\$1,215,420</u>	<u>\$687,226</u>	<u>\$576,570</u>	<u>\$6,743,923</u>	<u>\$227,747</u>

See notes to financial statements.



# CITY OF SIOUX CENTER, IOWA

## Statement of Cash Flows - Proprietary Funds Year ended June 30, 2005

	<u>Business-Type Activities</u>						<u>Governmental Activities-- Internal Service Funds</u>
	<u>Electric</u>	<u>Natural Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Centre Mall</u>	<u>Total</u>	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$534,486	\$546,874	\$309,909	\$29,758	\$(234,988)	\$1,186,039	\$(109,172)
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation & amortization expense	510,003	106,197	217,050	349,864	157,458	1,340,572	
Increase (Decrease) in assets							
Receivables, net	6,051	130,726	(4,670)	(344)	2,198	133,961	(36,533)
Due from other governments						0	
Inventories	66,552	(67,784)	7,964			6,732	
Prepaid expenses	(990)	(2,071)	(550)	2,019	2,257	665	
(Increase) Decrease in liabilities:							
Accounts payable	(180,316)	39,128	20,028	(36,087)	(32,582)	(189,829)	1,504
Accrued expenses	(119)	(529)	768	3,219	449	3,788	(562)
Total adjustments	<u>401,181</u>	<u>205,667</u>	<u>240,590</u>	<u>318,671</u>	<u>129,780</u>	<u>1,295,889</u>	<u>(35,591)</u>
Net cash provided (used) by operating activities	<u>\$935,667</u>	<u>\$752,541</u>	<u>\$550,499</u>	<u>\$348,429</u>	<u>\$(105,208)</u>	<u>\$2,481,928</u>	<u>\$(144,763)</u>
<b>Reconciliation of Cash &amp; Cash Equivalents to the Balance Sheet</b>							
Cash & Pooled Investments	\$3,053,836	\$1,187,229	\$1,209,625	\$687,226	\$576,570	\$6,714,486	\$227,747
Restricted Cash	<u>10,521</u>	<u>13,121</u>	<u>5,795</u>			<u>29,437</u>	
	<u>\$3,064,357</u>	<u>\$1,200,350</u>	<u>\$1,215,420</u>	<u>\$687,226</u>	<u>\$576,570</u>	<u>\$6,743,923</u>	<u>\$227,747</u>

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

## Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2005

### Assets

Cash and Pooled Investments	\$127,835
Receivable:	
Special Assessments	32,784
Accounts	<u>32,763</u>
Total Assets	<u>\$193,482</u>

### Liabilities

Accounts Payable	\$30,818
Due to Other Funds	1,650
Accrued Expenses	128,230
Deferred Revenue	<u>32,784</u>
Total Liabilities	<u>\$193,482</u>

### Net Assets

See notes to financial statements.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2005

## (1) Summary of Significant Accounting Policies

The City of Sioux Center, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the City Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides electric, natural gas, water and sewer utilities, and a municipal shopping mall for its citizens.

The City's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

### A. Reporting Entity

For financial reporting purposes, City of Sioux Center, Iowa has included all funds, organizations, agencies, boards and commissions. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City would cause the financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

### B. Basis of Presentation

Government-wide Financial Statements - The statement of net assets and the statement of activities report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions; these are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of net assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provision or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2005

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's long-term general obligation debt.

The Capital Projects Funds is used to account for all resources used in the acquisition and construction of capital facilities.

Additionally, the City reports the following major proprietary funds:

Electric Utility - The electric utility accounts for the operation of a municipally owned electric system, which distributes electrical power to the residents of the City.

Natural Gas Utility - The natural gas utility accounts for the operation of a municipally owned natural gas system, which distributes natural gas to the residents of the City.

Water Utility - The water utility accounts for the operation of a municipally owned water system, which provides services to the residents of the City.

Sewer Utility - The sewer utility accounts for the operation of a municipally owned sewage collection and treatment facility, which provides services to the residents of the City.

Centre Mall - The Centre Mall fund accounts for the operation of a municipally owned shopping mall which provides retailers with store space pursuant to a lease agreement.

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-recovery basis.

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2005

## C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and agency fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the agency have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City's considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary funds of the City apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's funds are charges to customers for sales and services. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2005

Property tax receivable is recognized in these funds on the lien date. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and receivable in September and March of the fiscal year with a 1 1/2 % per month penalty for delinquent payments; is based on January 1, 2003 assessed property valuations; is for the tax accrual period July 1, 2004 through June 30, 2005 and reflects the tax asking contained in the budget adopted by the City Council in March 2005.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other Funds - During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2005, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method.

Capital Assets - Capital assets, which include land, buildings, improvements, equipment, and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the governmentwide statement of net assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Infrastructure	\$50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2005

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings	40-50
Building Improvements	25-50
Infrastructure	30-50
Equipment	3-20
Vehicles	3-10

Deferred Payments - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current property or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2005. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term liabilities - In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### E. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds, except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

# CITY OF SIOUX CENTER, IOWA

## Notes to Financial Statements

June 30, 2005

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type activities and non-program.

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted.

### (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

The City's investments are categorized to give an indication of the level of risk assumed by the City's at year end. The City's investments are all Category 1, which means that the investments are insured or registered or the securities are held by the City or its agent in the City's name.

The City's investments at June 30, 2005 are as follows:

<u>Type</u>	<u>Fair Value</u>
Perfected Repurchase Agreements	\$9,836,698

### (3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2005 is as follows:

<u>Due to Other Fund</u>	<u>Due From Other Fund</u>	<u>Amount</u>
General	Capital Project-Trail Extension	\$6,132
General	Health Insurance	25,000
Road Use Tax	Cap Project- Biotech	29,912
Road Use Tax	Cap project- 14th St.	14,581
Road Use Tax	Cap project - Local Resurfacing	19,373
Road Use Tax	Cap project - Intersection Widening	28,596
Road Use Tax	Cap project - 7th Ave.	1,392
Road Use Tax	Cap project - Trail Extension	1,624
Revolving Fund	Sales Tax Payable	1,650
Total		<u>\$128,260</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.



# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2005

## (4) Long Term Advances

As of June 30, 2005 long term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Internal Service Agency - Equipment Revolving	\$76,863
Proprietary - Electric	Internal Service Agency - Equipment Revolving	103,445
Proprietary - Gas	Internal Service Agency - Equipment Revolving	20,563
Proprietary - Water	Internal Service Agency - Equipment Revolving	27,129
Proprietary - Sewer	Internal Service Agency - Equipment Revolving	27,991
Proprietary - Electric	Proprietary - Centre Mall	202,710
Proprietary - Gas	Proprietary - Centre Mall	135,140
General - Taxi	Internal Service Agency - Equipment Revolving	192
General - Community Center	Internal Service Agency - Equipment Revolving	391
General - Athletic Fund	Internal Service Agency - Equipment Revolving	4,019
Total		<u>\$598,443</u>

## (5) Capital Assets

A summary of changes in capital assets is as follows:

Primary Government:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$460,920			\$460,920
Construction in progress	<u>330,170</u>	<u>\$327,530</u>		<u>657,520</u>
Total capital assets not being depreciated	<u>791,090</u>	<u>327,530</u>		<u>1,118,440</u>
Capital assets being depreciated:				
Buildings	11,189,757	35,788		11,225,545
Improvements	2,433,125	116,762		2,549,887
Equipment	3,078,753	85,462	\$46,322	3,117,893
Infrastructure	<u>12,775,630</u>	<u>245,922</u>		<u>13,021,552</u>
Total capital assets being depreciated	<u>29,477,265</u>	<u>483,934</u>	<u>46,322</u>	<u>29,914,877</u>
Less Accumulated Depreciation for:				
Buildings	1,111,226	281,039		1,392,265
Improvements	1,645,183	123,825		1,769,008
Equipment	1,704,957	216,063	46,322	1,874,698
Infrastructure	<u>2,456,646</u>	<u>260,436</u>		<u>2,717,082</u>
Total Accumulated Depreciation	<u>6,918,012</u>	<u>881,362</u>	<u>46,322</u>	<u>7,753,052</u>
Total capital assets being depreciated, net	<u>22,559,253</u>	<u>397,429</u>		<u>22,161,824</u>
Governmental activities capital assets, net	<u>\$23,350,343</u>	<u>\$70,079</u>		<u>\$23,280,264</u>

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements  
June 30, 2005

	Balance July 1, <u>2004</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2005</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$382,900			\$382,900
Construction in Progress	<u>195,095</u>	<u>          </u>	<u>          </u>	<u>195,095</u>
Total capital assets not being depreciated	<u>577,995</u>	<u>          </u>	<u>          </u>	<u>577,995</u>
Capital assets being depreciated:				
Buildings	6,315,101	\$1,246,856		7,561,957
Improvements	357,748			362,381
Equipment	1,507,972	89,970	\$51,276	1,546,666
Utility Plant	<u>31,628,797</u>	<u>777,510</u>	<u>          </u>	<u>32,406,307</u>
Total capital assets being depreciated	<u>39,809,618</u>	<u>2,118,969</u>	<u>51,276</u>	<u>41,877,311</u>
Less: Accumulated Depreciation	<u>19,693,865</u>	<u>1,271,756</u>	<u>53,698</u>	<u>20,911,922</u>
Total capital assets being depreciated, net	<u>20,115,753</u>	<u>(847,213)</u>	<u>(2,423)</u>	<u>\$20,965,389</u>
Business-type activities capital assets, net	<u>\$20,693,748</u>	<u>\$(847,213)</u>	<u>\$(2,423)</u>	<u>\$21,543,384</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

Public Safety	\$45,889
Public Works	364,569
Culture and Recreation	427,626
General Government	<u>(3,044)</u>

Total depreciation expense - governmental activities \$835,040

**Business-Type Activities**

Electric	\$414,473
Natural Gas	86,992
Water	214,627
Sewer	344,476
Centre Mall	<u>157,489</u>

Total depreciation expense - business-type activities \$1,218,057

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements  
June 30, 2005

## Reconciliation of Investment in Capital Assets:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land	\$460,920	\$382,900
Construction in Progress	657,520	195,095
Capital Assets (net of accumulated depreciation)	22,161,824	20,965,389
Less: General Obligation Bonds Payable	(3,364,055)	(4,654,137)
Revenue Bonds		<u>(5,064,000)</u>
Investment in Capital Assets, Net of Related Debt	<u>\$19,916,209</u>	<u>\$11,825,247</u>

## (6) Investment in Joint Venture

The City is a participant in the Missouri Basin Municipal Electric Cooperative Association, a joint venture for the construction and maintenance of power lines from the power source to the Northwest Iowa Power Cooperative. The construction of the lines is accomplished by NIPCO and there are no actual dedicated lines, but rather an agreement which guarantees the municipalities the right to draw power over the lines at a raw power cost without transmission charges. The City owns a 26.77 percent share of the venture with twelve other cities sharing in their ownership at varying percentages. The City's investment in the joint venture is accounted for by the equity method in the Electric Fund. Separately issued audited financial statements of the Associated are available from Missouri Basin Municipal Electric Cooperative Association.

## (7) Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2005 is as follows:

	General <u>Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds Payable - July 1, 2004	\$7,165,390	\$5,176,281	\$12,341,671
Bonds Issued	1,420,000	3,565,000	4,985,000
Bonds Retired	(687,198)	(3,677,281)	(4,364,479)
Bonds Payable - June 30, 2005	<u>\$7,898,192</u>	<u>\$5,064,000</u>	<u>\$12,962,192</u>

Details of above general obligations and special assessment bonds payable at June 30, 2005 are as follows:

	Date of <u>Issue</u>	Interest <u>Rates</u>	Final Due <u>Date</u>	Annual <u>Payments</u>	Amount Originally <u>Issued</u>	Outstanding June 30, <u>2005</u>
General Obligation						
Vision Iowa Loan	2003	1.5-3.25 %	2014	\$21,808-28,454	\$250,000	\$228,192
Centre Mall	2004	2.25-3.65 %	2015	\$125,000-165,000	1,420,000	1,420,000
General Obligation	2000	5.20-6.60 %	2012	20,000-120,000	975,000	785,000
General Obligation	2001	4.4647 %	2012	58,132-83,710	702,235	520,863
General Obligation	2002	4.00-5.00 %	2021	55,000-95,000	1,315,000	1,170,000
Refunding Bonds-A	2003	1.2-3.0 %	2010	140,000-160,000	1,050,000	765,000
Refunding Bonds-B	2003	1.5-3.25 %	2010	85,000-95,000	625,000	540,000
Centre Mall	1998	4.50-4.90 %	2018	70,000-150,000	1,835,000	1,460,000
Centre Mall	2000	5.10-5.70 %	2011	50,000-80,000	690,000	410,000
Water Utility	2001	4.4647 %	2012	20,582-29,638	248,630	184,414
Sewer Utility	2001	4.4647 %	2012	46,286-66,652	<u>559,135</u>	<u>414,723</u>
Total					<u>\$9,670,000</u>	<u>\$7,898,192</u>

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements  
June 30, 2005

	Date of <u>Issue</u>	Interest <u>Rates</u>	Final Due <u>Date</u>	Annual <u>Payments</u>	Amount Originally <u>Issued</u>	Outstanding June 30, <u>2005</u>
Revenue:						
Sewer	1993	3.74 %	2017	\$39,000-79,000	\$1,140,000	\$781,000
Sewer	1994	4.54 %	2034	25,000-425,000	1,024,000	718,000
Water	2005	3.75-4.3 %	2024	\$130,000-270,000	<u>3,565,000</u>	<u>3,565,000</u>
Total Revenue					<u>\$6,064,000</u>	<u>\$5,064,000</u>
Special Assessment	1997	6.25 %	2006	\$60,000	<u>\$5,729,000</u>	<u>\$120,000</u>

The General Obligation Bonds are to be retired through property tax levies. Revenue Bonds and Notes Payable are to be retired through Enterprise Fund Revenues. Special assessments are to be retired through special assessment tax levies. The City is not obligated for special assessment debt.

The annual requirements to amortize all debt outstanding as of June 30, 2005, are as follows:

Year Ending <u>June 30</u>	General Obligation <u>Principal</u>	Interest on General Obligation Debt	Revenue Bond <u>Principal</u>	Interest on Revenue Bonds	<u>Total</u>
2006	\$812,462	\$338,356	\$229,000	\$198,689	\$1,578,507
2007	848,136	292,556	238,000	195,282	1,573,974
2008	878,830	262,365	248,000	185,984	1,575,179
2009	919,545	229,590	257,000	176,286	1,582,427
2010	955,281	193,782	266,000	166,236	1,581,299
Thereafter	<u>3,483,938</u>	<u>645,935</u>	<u>3,826,000</u>	<u>1,133,798</u>	<u>9,089,671</u>
	<u>\$7,898,192</u>	<u>\$1,962,584</u>	<u>\$5,064,000</u>	<u>\$2,056,275</u>	<u>\$16,981,051</u>

## (8) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by the state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70 % of their annual covered salary and the City is required to contribute 5.75 % of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.93 % and 8.90 % respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$245,538 \$227,264, and \$212,324, respectively, equal to the required contributions for each year.

## 9) Major Customers

During the year ended June 30, 2005, charges for services provided by the natural gas utility of the City to Siouxland Energy was \$4,080,681 or 49 % of total natural gas revenues. Total charges to Sioux Preme Egg for sewer services for the year was \$195,740 or 22 % of total sewer revenues.

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements

June 30, 2005

## (10) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## (11) Related Party Transactions

The City had business transactions between the City and City officials, totaling \$6,084 in goods and interest income during the year ended June 30, 2005.

## (12) Employee Health Insurance Plan

The Employee Group Health Fund was established to account for the partial self funding of the City's health insurance benefit plan. The plan is funded by both employee and City contributions and is administered through a service agreement with Standard Life Insurance. The agreement is subject to automatic renewal provision. The City assumes liability for claims up to the individual stop loss limitation of \$15,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Sioux Center Health Care Plan are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Standard Life Insurance from the Sioux Center Health Care Plan. The City records the plan assets and related liabilities of the Sioux Center Health Care Plan as Internal Service Fund. The City's contribution to the fund for the year ended June 30, 2005 was \$671,618.

Amounts payable from the Sioux Center Health Care Plan at June 30, 2005 total \$112,182, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims. That reserve was \$77,577 at June 30, 2005 and is reported as a designation of the Sioux Center Health Care Plan retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2004	<u>\$77,577</u>
Incurred claims (including claims incurred but not reported at June 30, 2005):	
Provision for current-year events where the City has retained risk of loss	782,483
	<u>782,483</u>
Total incurred claims	
Payments:	
Claims attributable to current-year events where the City has retained risk of loss	747,878
	<u>747,878</u>
Total payments	
Unpaid claims at June 30, 2005	<u>\$112,182</u>

# CITY OF SIOUX CENTER, IOWA

Notes to Financial Statements  
June 30, 2005

## **(13) Accounting Change**

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2004. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statements Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule - Perspective Differences were implemented during fiscal year 2003. The statements create new basic financial statements for reporting the City's financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor special revenue funds are presented in total in one column.

## **(14) Deficit Fund Balance**

Seven Capital Projects Funds had deficit balances of \$111,221 at June 30, 2005. The deficit balance was a result of project costs incurred prior to availability of funds. The deficit will be eliminated upon receipt of state grant monies, and property assessments.

### **Required Supplementary Information**

# CITY OF SIOUX CENTER, IOWA

Required Supplementary Information  
Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and  
Proprietary Funds  
Year ended June 30, 2005

	Governmental Fund Types	Proprietary Fund Type	Less Funds not Required to be budgeted	Net	Budgeted Amounts		Final to Actual Variance Positive (Negative)
	<u>Actual</u>	<u>Actual</u>			<u>Original</u>	<u>Final</u>	
Receipts:							
Property Tax	\$1,621,949			\$1,621,949	\$1,619,627	\$1,619,627	\$2,322
Tax increment financing collections	1,074,393			1,074,393	980,150	980,150	94,243
Other city tax	441,862			441,862	433,200	433,200	8,662
License and permits	85,507			85,507	78,950	78,950	6,557
Use of money and property	176,623	\$217,193		393,816	270,693	270,693	123,123
Intergovernmental	704,756			704,756	966,365	2,807,325	(2,102,569)
Charges for services	994,073	15,791,536		16,785,609	16,309,122	18,873,622	(2,088,013)
Special assessments	25,889			25,889	145,103	145,103	(119,214)
Miscellaneous	<u>1,206,159</u>	<u>382,626</u>		<u>1,588,785</u>	<u>626,475</u>	<u>636,475</u>	<u>(119,214)</u>
Total Receipts	\$6,331,211	16,391,355		22,722,566	21,429,685	25,845,145	(4,194,103)
Disbursements:							
Public Safety	725,681			725,681	718,220	783,220	57,539
Public Works	585,562			585,562	868,315	868,315	282,753
Culture and recreation	1,912,132			1,912,132	2,044,147	2,144,147	232,015
Community and economic development	111,704			111,704	208,185	208,185	96,481
General government	644,968			644,968	556,705	724,205	79,237
Debt service	491,428			491,428	611,485	611,485	120,057
Capital projects	666,256			666,256	627,500	3,262,430	2,596,174
Busines-type	<u>          </u>	<u>15,359,354</u>		<u>15,359,354</u>	<u>15,014,746</u>	<u>17,364,746</u>	<u>2,005,392</u>
Total Disbursements:	5,137,731	15,359,354		20,497,085	20,649,303	25,966,733	5,469,648
Excess of receipts over disbursements	1,193,480	1,032,001		2,225,481	780,382	(121,588)	2,347,069
Other financing sources, net	<u>(312,932)</u>	<u>312,932</u>	—	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess of receipts and other financing sources over disbursements and other financing uses	<u>\$880,548</u>	<u>\$1,344,933</u>	=	<u>\$2,225,481</u>	<u>\$780,382</u>	<u>(\$121,588)</u>	<u>\$2,347,069</u>

See accompanying independent editors report.



# **CITY OF SIOUX CENTER, IOWA**

## **Required Supplementary Information Notes to Required Supplementary Information - Budgetary Reporting June 30, 2005**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrued basis following required public notice and hearing for all funds, except internal service, nonexpendable trust, and agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue fund, debt service fund, capital projects funds and permanent funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, budget amendment increased budgeted disbursements by \$2,967,430. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2005, disbursements did not exceed the amounts budgeted.

## **Other Supplementary Information**

# CITY OF SIOUX CENTER, IOWA

## Nonmajor Special Revenue Funds

### Combining Balance Sheet

June 30, 2005

<u>Assets</u>	Local Option <u>Sales Tax</u>	Road Use <u>Tax</u>	TIF/ <u>SSMID</u>	Trust & <u>Agency</u>	Task <u>Force</u>	<u>LHAP</u>	<u>Totals</u>
Cash and Cash							
Equivalents	\$27,111	\$1,303,684	\$2,284	\$104,134	\$2,659	\$551	\$1,440,423
Taxes Receivable			814				814
Interest Receivable				19			19
Due from Other Governments	35,310	39,089	2,956	1,993			79,347
Due from Other Funds	<u>          </u>	<u>95,478</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>95,478</u>
Total Assets	<u>\$62,421</u>	<u>\$1,438,250</u>	<u>\$6,054</u>	<u>\$106,146</u>	<u>\$2,659</u>	<u>\$551</u>	<u>\$1,616,081</u>
<u>Liabilities</u>							
Accounts Payable		\$41,581					\$41,581
Deferred Revenue	<u>          </u>	<u>          </u>	<u>\$814</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>814</u>
Total Liabilities	<u>          </u>	<u>41,581</u>	<u>814</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>42,395</u>
<u>Fund Balance</u>							
Unreserved-Undesignated	<u>62,421</u>	<u>1,396,669</u>	<u>5,239</u>	<u>106,146</u>	<u>2,659</u>	<u>551</u>	<u>1,573,686</u>
Total Liabilities & Fund Balance	<u>\$62,421</u>	<u>\$1,438,250</u>	<u>\$5,239</u>	<u>\$106,146</u>	<u>\$2,659</u>	<u>\$551</u>	<u>\$1,616,081</u>

The accompanying notes are an integral part of the financial statements.

# CITY OF SIOUX CENTER, IOWA

Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2005

<u>Assets</u>	<u>Local Option Sales Tax</u>	<u>Road Use Tax</u>	<u>TIF/ SSMID</u>	<u>Trust &amp; Agency</u>	<u>Task Force</u>	<u>LHAP</u>	<u>Totals</u>
Revenues:							
Property Taxes				\$440,648			\$440,648
TIF Revenue			\$1,074,393				1,074,393
Other City Taxes	\$428,672						428,672
Intergovernmental		\$498,740					498,740
Use of Money and Property	<u>1,244</u>	<u>          </u>	<u>1,360</u>	<u>1,379</u>	<u>          </u>	<u>          </u>	<u>3,983</u>
Total Revenues	<u>429,915</u>	<u>498,740</u>	<u>1,075,753</u>	<u>442,027</u>	<u>          </u>	<u>          </u>	<u>2,446,436</u>
Expenditures:							
Current Operating:							
Public Works		116,979					116,979
Community and Economic Development	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	<u>          </u>	<u>116,979</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>116,979</u>
Excess (Deficiency) of Revenues Over Expenditures	429,915	381,761	1,075,753	442,027			2,329,457
Other Financing (Uses)							
Operating Transfers to Other Funds	<u>420,000</u>	<u>(342,986)</u>	<u>(1,071,622)</u>	<u>(434,665)</u>	<u>          </u>	<u>          </u>	<u>(2,269,273)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	9,915	38,775	(4,131)	(7,362)			60,184
Fund Balances at Beginning of Year	<u>52,506</u>	<u>1,357,884</u>	<u>1,108</u>	<u>98,784</u>	<u>\$2,659</u>	<u>\$551</u>	<u>1,513,502</u>
Fund Balances at End of Year	<u>\$62,421</u>	<u>\$1,396,669</u>	<u>\$5,239</u>	<u>\$106,146</u>	<u>\$2,659</u>	<u>\$551</u>	<u>\$1,573,686</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds  
Combining Balance Sheet  
June 30, 2005

	14th Street NE	Biotech Park	Local Resurfacing	12th Street NE	Intersection Widening	7th Ave. NE	Trail Extension	Airport Improvements	Library Fire	Totals
ASSETS										
Cash and Cash Equivalents								\$154,664	\$893,656	\$1,048,320
Accounts Receivable								27	2,990	3,017
Total Assets								\$154,691	\$896,646	\$1,051,337
LIABILITIES AND FUND BALANCE										
Liabilities										
Accounts Payable	\$14,581		\$2735	\$140	\$6,737				\$8,373	\$17,985
Due to Other Funds		\$29,912	19,373		28,596	\$1,392	\$7,756			101,610
Total Liabilities	14,581	29,912	22,108	140	35,332	1,392	7,756		8,373	119,595
Fund Balance (Deficit)										
Unreserved - Undesignated	(14,581)	(29,912)	(22,108)	(140)	(35,332)	(1392)	(7,756)	\$154,691	888,273	931,743
Total Liabilities and Fund Balance								\$154,691	\$888,273	\$1,051,337

The accompanying notes are an integral  
part of the financial statements.

CITY OF SIOUX CENTER, IOWA

Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures, and Changes  
in Fund Balances

June 30, 2005

	14th <u>Street NE</u>	Biotech <u>Park</u>	Local <u>Resurfacing</u>	12th <u>Street NE</u>	Intersection <u>Widening</u>	7th <u>Ave. NE</u>	Trail <u>Extension</u>	Airport <u>Improvements</u>	Library <u>Fire</u>	Pella	All Seasons <u>Center</u>	20th <u>Steet NE</u>	Totals
Revenues:													
Special Assessment										\$769			\$769
Use of Money and Property								\$28	\$11,280				11,280
Intergovernmental								7,069	100	35,044	\$65496	\$105,010	147,223
Miscellaneous				\$167,817				3,000	699,263				935,576
Total Revenues				<u>167,817</u>				<u>10,096</u>	<u>710,643</u>	<u>35,813</u>	<u>65,496</u>	<u>105,010</u>	<u>1,094,875</u>
Expenditures:													
Capital Projects	\$14,581	\$29,912	\$22,108	235,610	\$35,332	\$1392	\$7,756	\$5,947	\$201,819		103,997	7,802	\$666,257
Total Expenditures	<u>14,581</u>	<u>29,912</u>	<u>22,108</u>	<u>235,610</u>	<u>35,332</u>	<u>1392</u>	<u>7,756</u>	<u>5,947</u>	<u>201,819</u>		<u>103,997</u>	<u>7,802</u>	<u>666,257</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,581)	(29,912)	(22,108)	(67,793)	(35,332)	(1392)	(7,756)	4,149	508,824	35,813	(38,501)	97,208	428,618
Transfers				93,975				132,682		(132,682)		149,011	(242,986)
Fund (Deficit) at Beginning of Year	_____	_____	_____	<u>(26,322)</u>	_____	_____	_____	<u>17,860</u>	<u>379,449</u>	<u>96,869</u>	<u>38,501</u>	<u>(246,219)</u>	<u>260,138</u>
Fund (Deficit) at End of Year	<u>(\$14,581)</u>	<u>(\$29,912)</u>	<u>(\$22,108)</u>	<u>(\$140)</u>	<u>(\$35,332)</u>	<u>(\$1,392)</u>	<u>(\$7,756)</u>	<u>\$154,691</u>	<u>888,273</u>	=====	=====	=====	<u>\$931,743</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF SIOUX CENTER, IOWA

## Schedule of Receipts By Source and Disbursements By Function - All Governmental Fund Types

For the Last Four Years

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Receipts:				
Property taxes	1,621,949	\$1,541,583	\$1,475,319	\$1,327,614
Tax increment financing collections	1,074,393	1,031,418	731,104	887,467
Other city taxes	441,862	447,695	421,293	396,128
Licenses and permits	85,507	76,817	83,925	68,612
Use of money and property	176,623	129,093	147,703	190,742
Intergovernmental	704,756	1,744,167	4,548,531	1,282,167
Charges for service	994,073	631,281	307,936	254,608
Special assessments	25,889	86,469	152,031	122,790
Miscellaneous (including contributions)	<u>1,206,159</u>	<u>1,655,539</u>	<u>3,741,885</u>	<u>464,915</u>
Total	<u>\$6,331,211</u>	<u>\$7,344,062</u>	<u>\$11,609,727</u>	<u>\$4,995,043</u>
Disbursements				
Public safety	725,681	636,876	612,478	672,486
Public works	585,562	625,173	837,560	2,148,694
Culture & recreation	1,912,132	1,845,690	1,060,886	2,096,019
Community & economic development	111,704	172,788	174,244	
General government	644,968	483,381	452,608	450,883
Debt service	491,428	1,099,441	428,391	
Capital projects	<u>666,256</u>	<u>2,169,779</u>	<u>8,992,000</u>	<u>                    </u>
Total	<u>\$5,137,731</u>	<u>\$7,033,128</u>	<u>\$12,558,167</u>	<u>\$5,368,082</u>

Notes revised disbursement categories in 2003.

The accompanying notes are an integral part of the financial statements.

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Honorable Mayor and Members of the City Council:

We have audited the financial statements of City of Sioux Center, Iowa as of and for the year ended June 30, 2005, and have issued our report thereon dated October 26, 2005. We conducted our audit in accordance with generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Sioux Center, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City of Sioux Center, Iowa's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the City of Sioux Center, Iowa. Since our audit was based on tests and samples, not all transactions that might have an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comment has been continued, see item IV-K-05.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Sioux Center, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City of Sioux Center, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and may not be detected within a timely period by



employees in the normal course of performing their assigned functions. Our considerations of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no material weaknesses in planning and performing the audit.

This report is intended for the information of the City of Sioux Center, Iowa, the federal awarding agency and other grantor agencies. However, this report is a matter of public record and its distribution is not limited.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Sioux Center, Iowa during the course of our audit.

Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Sioux Center, Iowa  
October 26, 2005

# CITY OF SIOUX CENTER, IOWA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2005

### Part I: Summary of the Independent Auditor's Results

- a) An unqualified opinion was issued on the financial statements.
- b) No reportable conditions in internal control over financial reporting were found during the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) No reportable conditions in internal control were found during the audit of the financial statements.
- e) An unqualified opinion was issued on compliance.
- f) The audit found no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a)
- g) Major programs were as follows: None
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$500,000.
- i) City of Sioux Center, Iowa did not qualify as a low-risk auditee.

### Part II: Findings Related to the General Purpose Financial Statements:

REPORTABLE CONDITIONS: NONE

### Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE: NONE

REPORTABLE CONDITIONS: NONE

### Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-05 Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year.
- IV-B-05 Certified Budget - Total disbursements during the year ended June 30, 2005 did not exceed the amounts budgeted.
- IV-C-05 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-D-05 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

# CITY OF SIOUX CENTER, IOWA

## Schedule of Findings and Questioned Costs

Year ended June 30, 2005

IV-E-05 Business Transactions - Business transactions between the City and the City officials or employees detailed as follows:

Name, Title, and <u>Business Connection</u>	Transaction <u>Description</u>	<u>Amount</u>
W. Dale Den Herder, Council Member President of American State Bank	Interest Income	\$67,219
Dennis Walstra, Mayor Walstra Plumbing & Heating	Supplies	\$518
Randy Vreugdenhil, Council Member Hills Electronics	Computers and Supplies	\$5,566

In accordance with Chapter 362.5(2), the transaction with the bank does not appear to be a conflict of interest because American State Bank has been designated as a depository, paying agent, or for investment of funds. The transaction with Walstra Plumbing & Heating and Hills Electronics do not appear to represent a conflict of interest because competitive bidding was not required for amounts under \$25,000, in accordance with Iowa Code.

IV-F-05 Bond Coverages - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

IV-G-05 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-H-05 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City investment policy were noted.

IV-I-05 Revenue Bonds - The City has complied with the provisions of the revenue bond indentures which state that the bonds and interest are payable solely and only from the net earnings of the activities.

IV-J-05 Exemption from Federal Income Tax - The City of Sioux Center is a public municipality and is exempt from federal income taxes.

IV-K-05 Publication of Salaries - It was noted that salaries were not published.

Recommendation - Insure that annual salaries are published.

Response - Comment noted.

Conclusion - Response noted, auditor reiterated the State requirement should be followed.

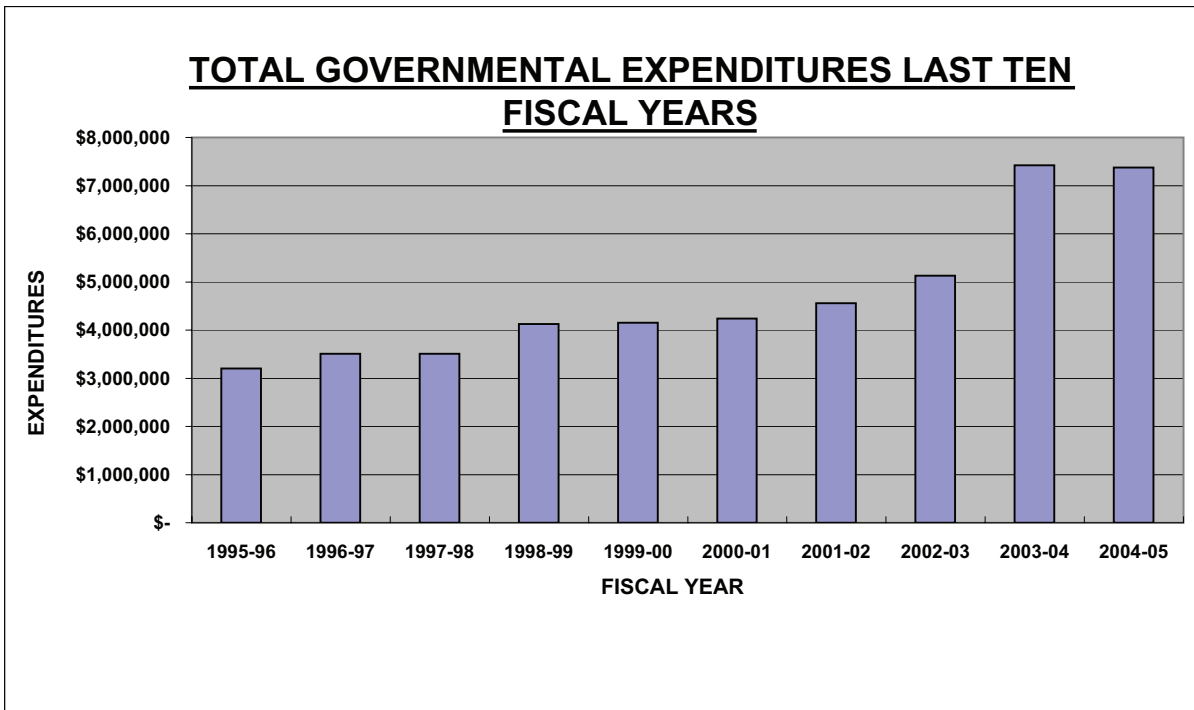
CITY OF SIOUX CENTER, IOWA

TABLE 1

General Governmental Expenditures and Other Uses by Function  
General, Special Revenue and Debt Service Funds  
Last Ten Fiscal Years

Year	*Public Safety (formerly Community Protection)	*Public Works (formerly Home & Comm. Env.)	*Culture & Recreation (formerly Human Development)	*General Governmt (formerly General Admin)	*Community & Econ Dev	*Debt Service	Transfers	Total
1995-96	\$ 389,578	\$ 647,700	\$ 990,509	\$ 317,772			\$855,192	\$ 3,200,751
1996-97	436,843	640,672	1,122,584	341,266			969,311	3,510,676
1997-98	458,481	541,278	1,127,062	427,637			956,291	3,510,749
1998-99	592,025	652,349	1,194,736	435,730			1,249,962	4,124,802
1999-00	605,689	687,381	1,229,444	425,401			1,203,013	4,150,928
2000-01	610,436	701,321	1,170,210	435,869			1,322,213	4,240,049
2001-02	672,486	951,184	1,135,836	450,883			1,350,644	4,561,033
2002-03	612,478	837,560	1,060,886	452,608	\$174,244	\$428,391	1,564,555	5,130,722
2003-04	636,876	625,173	1,845,690	483,381	172,788	1,099,441	2,558,787	7,422,136
2004-05	725,681	585,682	1,912,132	644,968	111,704	491,428	2,906,682	7,378,277

\*Note: Revised expenditure categories established in 2002-2003 to comply with state of Iowa modifications.

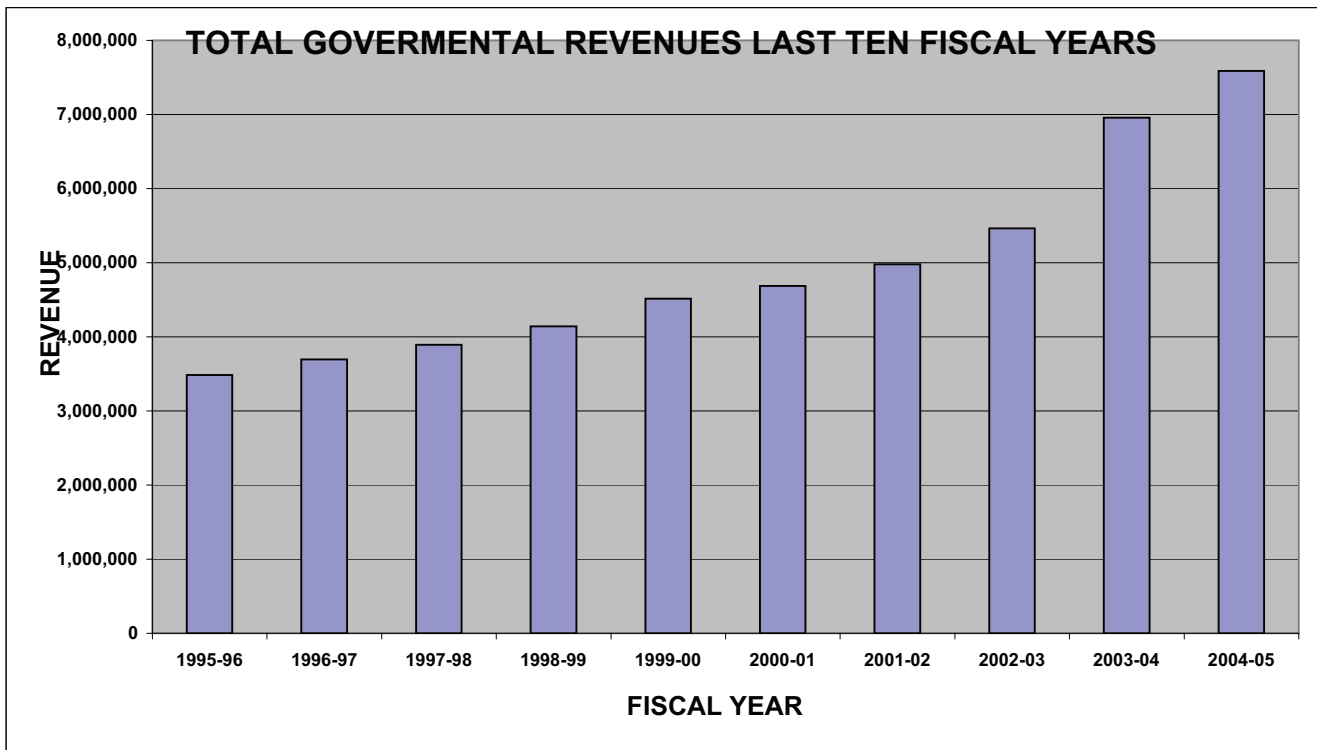


CITY OF SIOUX CENTER, IOWA

TABLE II

General Governmental Revenues and Other Sources  
General, Special Revenue and Debt Service Funds  
Last Ten Fiscal Years

Year	Taxes	Special Assessments	Licenses and Permits	Inter- Governmental Revenues	Contributions from Property Owners	Charges for Services	Fines and Fees	Use of Money and Property	Miscell- aneous Revenue	Transfers	Total
1995-96	\$1,603,321	\$16,039	\$50,505	\$ 484,968	\$ 5,400	\$349,019	\$15,854	\$211,452	\$160,008	\$ 590,170	\$3,486,736
1996-97	1,830,987	14,951	45,287	522,990	8,510	336,914	15,477	183,355	142,839	593,212	3,694,522
1997-98	1,889,034	806	68,009	549,076	1,211	331,686	17,354	192,805	210,123	633,015	3,893,119
1998-99	2,125,139	678	65,296	583,530	1,187	333,763	15,570	188,991	133,555	693,666	4,141,375
1999-00	2,178,145	88,750	73,841	655,782	2,803	333,022	19,127	199,909	147,676	817,197	4,516,252
2000-01	2,211,504	84,785	97,341	645,566	33,113	335,039	18,119	193,568	226,052	842,284	4,687,371
2001-02	2,611,209	114,511	68,612	641,349	520	254,608	20,967	173,202	172,498	921,203	4,978,679
2002-03	2,627,716	90,534	83,925	822,022	862	307,936	24,448	141,845	175,914	1,189,835	5,465,037
2003-04	3,019,186	25,929	76,817	627,733	1,774	631,281	19,350	129,093	286,787	2,138,360	6,956,310
2004-05	3,138,204	25,120	85,507	557,534	1,886	994,073	17,515	165,314	251,182	2,350,764	7,587,099



CITY OF SIOUX CENTER, IOWA

TABLE III

Tax Revenues by Source  
Last Ten Fiscal Years

Year	Total Taxes	General Property Taxes	Agricultural Land Tax	Mobile Home Tax	Local Option Sales Tax	Tax Increment Financing District
1995-96	\$1,603,321	\$951,258	\$ 6,764	\$ 5,193	\$ 243,307	\$ 396,799
1996-97	1,830,987	1,057,967	5,979	5,586	301,501	459,954
1997-98	1,889,034	1,098,688	5,961	5,652	294,218	484,515
1998-99	2,125,139	1,107,468	6,420	5,744	420,161	585,346
1999-00	2,178,145	1,178,745	6,524	6,651	330,042	656,183
2000-01	2,211,504	1,192,883	6,238	6,220	333,478	672,685
2001-02	2,611,209	1,328,381	6,230	5,177	383,954	887,467
2002-03	2,627,716	1,476,115	5,870	5,423	409,204	731,104
2003-04	3,019,186	1,541,583	5,696	4,736	435,753	1,031,418
2004-05	3,138,204	1,625,373	4,364	5,402	428,672	1,074,393

CITY OF SIOUX CENTER, IOWA

TABLE IV

Property Tax Levies and Collections  
Last Ten Fiscal Years

Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Collections as Percent of Curent Levy	Delinquent Taxes Receivable
1995-96	\$1,453,049	\$1,453,033	99.9%	\$9,910	\$1,462,943	100.7%	\$ 68
1996-97	1,550,829	1,532,497	98.8%	68	1,532,565	98.8%	76
1997-98	1,509,965	1,509,087	99.9%	76	1,509,163	99.9%	878
1998-99	1,622,979	1,622,603	99.9%	878	1,623,481	100.0%	376
1999-00	1,844,639	1,845,254	100.0%	376	1,845,630	100.0%	904
2000-01	1,931,481	1,862,810	96.4%	904	1,863,714	96.5%	82,616
2001-02	2,104,574	2,286,659	100.0%	82,616	2,369,275	100.0%	1,725
2002-03	2,214,809	2,210,123	99.8%	1,725	2,211,848	99.80%	2,393
2003-04	2,485,848	2,508,382	100.0%	2,393	2,510,775	100.90%	315
2003-05	2,606,377	2,691,285	100.0%	315	2,691,600	103.27%	890

CITY OF SIOUX CENTER, IOWA

TABLE V

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Collection Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Utilities</u>		<u>Total</u>		Ratio of Assessed to Estimated Actual
	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	<u>Assessed</u>	<u>Estimated Actual Value</u>	
1995-96	\$97,673,444	\$127,263,497	\$ 5,465,685	\$5,465,685	\$1,032,278	\$ 1,061,916	\$104,171,407	\$133,791,098	77.86%
1996-97	109,929,479	160,828,858	5,479,385	5,479,385	1,227,990	1,244,356	116,636,854	167,552,599	69.61%
1997-98	112,153,022	163,605,990	5,152,345	5,152,345	982,146	982,146	118,287,513	169,740,481	69.69%
1998-99	113,616,496	176,231,141	5,369,579	5,369,579	1,177,894	1,189,110	120,163,969	182,789,830	65.74%
1999-00	121,649,036	183,207,505	5,228,451	5,228,451	1,423,420	1,423,420	128,300,907	189,859,376	67.58%
2000-01	125,256,327	192,482,172	5,548,875	5,548,875	1,407,989	1,415,545	132,213,191	199,446,592	66.29%
2001-02	134,549,484	200,909,486	4,452,833	4,452,833	1,341,770	1,341,770	140,344,087	206,704,089	67.90%
2002-03	158,649,753	245,546,256	977,281	977,281	1,275,960	1,287,596	160,914,630	247,811,133	64.93%
2003-04	160,872,021	247,768,524	0	0	1,244,987	1,244,987	162,117,008	249,013,511	65.10%
2004-05	159,310,103	254,092,890	0	0	1,261,133	1,264,303	160,574,406	255,354,023	62.88%

CITY OF SIOUX CENTER, IOWA

TABLE VI

Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Tax Rates per \$1,000 of Assessed Valuation

<u>Year</u>	<u>City</u>	<u>School District</u>	<u>County Consolidated</u>	<u>Vocational School</u>	<u>Total</u>
1995-96	\$11.97636	\$13.31430	\$ 3.21859	\$ 0.49391	\$29.00316
1996-97	10.90605	12.21595	3.05065	0.49625	26.66890
1997-98	10.99860	12.90616	2.89956	0.49080	27.29512
1998-99	11.19995	13.01458	3.08408	0.47864	27.77725
1999-00	11.17542	12.96314	3.53387	0.48192	28.15435
2000-01	11.48492	13.63856	3.53287	0.52226	29.17861
2001-02	11.64251	13.60919	3.51674	0.53380	29.30224
2002-03	11.66538	14.20535	3.93682	0.54774	30.35529
2003-04	12.24057	14.30223	4.64743	0.65433	31.84456
2004-05	13.19098	14.05656	5.06682	0.58447	32.89883

## CITY OF SIOUX CENTER, IOWA

TABLE VII

Ratio of Net General Bonded Debt  
to Assessed Value and Net Bonded Debt per Capita  
Last Ten Fiscal Years

Levy Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service and Escrow Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1995-96	5,074	\$104,171,407	\$5,820,243	\$1,325,488	\$4,494,755	.0431 to 1	\$ 885.84
1996-97	5,074	116,636,854	5,738,225	1,323,293	4,414,932	.0378 to 1	870.11
1997-98	5,712	118,287,513	7,403,971	3,323,220	4,080,751	.0345 to 1	714.42
1998-99	5,712	120,163,969	7,274,925	3,037,995	4,236,930	.0353 to 1	714.42
1999-00	5,712	128,300,907	5,827,693	802	5,826,891	.0454 to 1	1,020.11
2000-01	6,002	132,213,191	7,030,918	1,752	7,029,166	.0532 to 1	1,171.14
2001-02	6,002	140,344,087	8,018,304	1,359	8,016,945	.0571 to 1	1,335.71
2002-03	6,002	153,552,986	8,404,809	622,879	7,781,930	.0484 to 1	1,296.56
2003-04	6,002	160,872,021	7,165,390	7,637	7,157,753	.0445 to 1	1,192.56
2004-05	6,002	159,310,103	7,898,192	9,560	7,888,632	.0495 to 1	1,314.33

## CITY OF SIOUX CENTER, IOWA

TABLE VIII

Computation of Direct and Overlapping Debt  
June 30, 2005

Name of Governmental Unit	Net Debt Outstanding	Percentage Applicable to City	City of Sioux Center Share of Debt
City of Sioux Center	\$7,888,632	100.00%	\$7,888,632
Sioux Center Community School District	5,592,565	64.16%	3,588,127
Sioux County	<u>5,650,000</u>	<u>15.73%</u>	<u>888,722</u>
Total	<u>\$19,131,197</u>		<u>\$12,365,481</u>



## CITY OF SIOUX CENTER, IOWA

TABLE IX

Computation of Legal Debt Margin  
June 30, 2005

2004-05 Estimated Actual Valuation			
Real Estate	\$254,092,890		
Personal Property	0		
Utilities	<u>1,264,303</u>		
Total Actual Value	\$255,357,193		
Debt Limit - 5% of Actual Valuation			\$12,767,860
Amount of Debt Applicable to Debt Limit			
General Bonded Debt	\$7,898,192		
Other Debt	\$5,184,000		
		\$13,082,192	
Less:			
Revenue Bonds	\$5,064,000		
Special Assessment Bonds	<u>\$120,000</u>		
		<u>5,184,000</u>	
Total Debt Applicable to Debt Limit			<u>7,898,192</u>
Legal Debt Margin			<u>\$4,869,668</u>

## CITY OF SIOUX CENTER, IOWA

TABLE X

Special Assessment Collections  
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Current Assessments Collected	Ratio of Collections to Amount Due	Total Outstanding Current and Delinquent Assessments
1995-96	\$ 1,069	\$1,069	100.0 to 100	\$1,684
1996-97	1,684	1,684	100.0 to 100	1,417
1997-98	112,562	112,562	100.0 to 100	48,349
1998-99	48,349	48,349	100.0 to 100	37,747
1999-00	37,747	88,750	235.1 to 100	36,253
2000-01	36,253	84,785	233.8 to 100	32,755
2001-02	45,101	122,790	272.3 to 100	47,385
2002-03	47,385	97,365	205.5 to 100	36,417
2003-04	36,417	47,076	129.3 to 100	32,864
2004-05	32,864	39,227	119.4 to 101	26,831

CITY OF SIOUX CENTER, IOWA

TABLE XI

Ratio of Annual Debt Service Expenditures for  
General Bonded Debt to Total General Governmental Expenditures  
Last Ten Fiscal Years

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Transfers</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1995-96	\$10,095	\$ 2,775		\$12,870	3,200,751	0.40%
1996-97	95,689	62,946		158,635	3,510,676	4.52%
1997-98	66,317	57,212		123,529	3,510,749	3.52%
1998-99	66,983	53,186		120,169	4,124,802	2.91%
1999-00	66,301	49,379		115,680	4,150,298	2.79%
2000-01	76,775	104,190		180,965	4,240,049	4.27%
2001-02	82,614	129,267		211,881	4,561,033	4.65%
2002-03	196,627	224,264		420,891	5,130,722	8.20%
2003-04	884,876	214,563		1,099,439	7,422,136	14.81%
2004-05	329,981	159,498		491,428	7,378,277	6.66%

CITY OF SIOUX CENTER

TABLE XII

Schedule of Revenue Bond Coverages

Sewer Revenue Bond Issue  
Last Ten Fiscal Years

<u>Year</u>	<u>Revenue (1)</u>	<u>Operating Expenses (2)</u>	<u>Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1995-96	\$558,079	\$308,982	\$249,097	\$125,000	\$ 7,000	\$132,000	1.88
1996-97	564,439	327,080	237,359	15,654	3,680	19,334	12.28
1997-98	607,164	358,130	249,034	15,654	53,766	69,420	5.16
1998-99	597,844	365,304	232,540	92,259	87,501	179,760	1.29
1999-00	746,063	381,204	364,859	96,121	85,013	181,134	2.01
2000-01	672,284	434,888	237,396	100,028	79,623	179,651	1.32
2001-02	604,038	451,634	152,404	85,000	101,763	186,763	0.82
2002-03	682,734	439,470	243,264	88,000	96,483	184,483	1.32
2003-04	727,269	506,052	221,217	91,000	69,451	160,451	1.38
2004-05	921,883	534,482	387,401	95,000	65,712	160,712	2.41

(1) Total revenues (including interest) exclusive of Connection Fees and Depreciation on  
Fixed Assets acquired by Grants.

(2) Total operating expenses exclusive of depreciation and interest.

## CITY OF SIOUX CENTER, IOWA

TABLE XIII

Property Value and Construction  
Last Ten Fiscal Years

Calendar Year	Commercial (1) Construction		Residential (1) Construction		Institutional (2) Construction		Property (3) Value	
	Units	Value	Units	Value	Units	Value	Value	Value
1994	13	\$2,773,687	21	\$ 2,512,568	1	\$2,600,000	\$105,808,210	
1995	9	724,597	43	1,408,355	5	3,045,915	104,171,407	
1996	15	575,790	59	2,901,340	1	6,800,000	116,636,854	
1997	21	4,933,743	60	3,429,069	3	6,998,763	118,287,513	
1998	19	3,233,261	69	4,008,275	2	697,845	120,163,969	
1999	29	10,627,316	99	5,756,909	6	1,200,204	128,300,907	
2000	15	3,047,086	76	9,343,102	6	12,458,034	132,213,191	
2001	14	1,306,641	66	4,428,569	3	77,000	140,344,087	
2002	17	2,282,800	57	5,167,318	5	7,879,400	160,914,630	
2003	21	6,183,295	81	7,232,693	5	1,530,635	162,117,008	
2004	19	2,882,912	83	7,570,881	4	4,297,532	160,574,406	

(1) Includes new construction and remodeling (Source: Local Building Permits Issued)

(2) Schools, Churches, City Facilities (Source: Local Building Permits Issued)

(3) Assessed Value from Table V

## CITY OF SIOUX CENTER, IOWA

TABLE XIV

## Principal Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Value</u>	<u>Percentage of Total</u>
Trigen, LLC	Manufacturing	\$9,468,323	5.90%
City of Sioux Center	Retail Shopping Mall	6,123,463	3.81%
Farmers Coop Society	Grain Elevator & Lumber yard	5,492,933	3.42%
Sioux Automation	Manufacturing	3,720,009	2.32%
Golden Crisp	Food Processing	2,583,900	1.61%
American State Bank	Commercial Bank	2,411,063	1.50%
Vet Pharm	Vaccine Distributor	2,061,771	1.28%
Sioux Center Community Hospital	Hospital	2,023,695	1.26%
EMW Groschopp	Manufacturing	1,669,317	1.04%
Sioux Bio-Chemical	Bio-Technology	<u>1,296,926</u>	0.81%
Total		<u>\$36,851,400</u>	<u>22.95%</u>

CITY OF SIOUX CENTER, IOWA

TABLE XV

Demographic Statistics

Fiscal Year	(1) Population	(2) Per Capita Income	(2) Median Age	(2) High School Equivalency	(3) School Enrollment	(4) Unemployment Rate
----	-----	-----	-----	-----	-----	-----
1995-96	5,074	(5)	27.5	(5)	1,390	2.5%
1996-97	5,074	(5)	(5)	(5)	1,386	2.2%
1997-98	5,712	(5)	(5)	(5)	1,357	2.3%
1998-99	5,712	(5)	(5)	(5)	1,377	2.0%
1999-00	5,712	(5)	(5)	(5)	1,312	2.1%
2000-01	6,002	\$16,912	25.5	79.5%	1,360	2.1%
2001-02	6,002	\$16,912	25.5	79.5%	1,295	2.3%
2002-03	6,002	\$16,912	25.5	79.5%	1,315	2.6%
2003-04	6,002	\$16,912	25.5	79.5%	1,322	2.6%
2004-05	6,002	\$16,912	25.5	79.5%	1,321	3.3%

(1) Bureau of Census

(2) Statistical Profile of Iowa

(3) Sioux Center Community Schools

(4) Iowa Workforce Development

(5) Information not available

CITY OF SIOUX CENTER, IOWA

TABLE XVI

Miscellaneous Statistical Data

Date of Incorporation	1891
Date Home Rule City Act was Adopted	1974
Form of Government:	
Type-Council-Mayor	
Council composed of Mayor and five Council Members	
Terms of Office:	
Mayor-four year term	
Council Members-four year staggered terms	
Manager-appointed by City Council	
Average Winter Temperature	18 Degrees
Average Summer Temperature	71 Degrees
Average Annual Rainfall	28 Inches
Average Annual Snowfall	33 Inches
Community Facilities:	
Electric System	
Suppliers-Western Area Power Administration	
-Missour Basin Municipal Power Agency	
KWH Purchased	100,583,513
Less Power Plant Use	<u>89,781</u>
KWH Available for Sale	100,493,732
KWH Sold	<u>98,134,339</u>
Line Loss	2,359,393
Average Revenue per KWH Sold	\$0.05
Meters in Service	2,606
Gas System:	
Supplier-Nebraska Public Gas Association	
MCF Purchased	1,113,412
MCF sold	1,123,332
Unaccounted for Loss	9,920
Average Revenue per MCF	\$7.36
Meters in Service	1,986
Water System:	
Number of Wells	15
Elevated Storage Capacity (Gallons)	650,000
Water Plant Capacity (Gallons per Day)	1,920,000
Average Daily Consumption	800,000
Peak Consumption	1,500,000
Sewer System:	
Average Daily Treatment (Gallons per Day )	1,000,000
Peak Load (Gallons per Day)	1,800,000
Design Capacity (Gallons per Day )	4,000,000
Number of Lift Stations	8

CITY OF SIOUX CENTER, IOWA

Audit Staff

This audit was performed by:

Rex Knapp, CPA, Partner  
Robert Kroese, CPA, Partner